

Montana Board of Oil and Gas Conservation Summary of Bond Activity

8/25/2009 Through 10/14/2009

Approved

Fairways Exploration and Production, LLC Oklahoma City OK	617 M1	Approved	9/21/2009
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$50,000.00	U.S. Specialty Insurance Co.	
L.S. Farms, Inc. Oilmont MT	394 D3	Approved	9/30/2009
		Amount:	\$10,000.00
		Purpose:	Domestic Well Bond
Certificate of Deposit	\$10,000.00	Stockman Bank, Cut Bank	
Certificate of Deposit	\$10,000.00	Stockman Bank, Cut Bank	
Macum Energy Inc. Billings MT	4550 G11	Approved	8/26/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00	FIRST INTERSTATE BANK	
Solomon, Clint Havre MT	616 D1	Approved	9/24/2009
		Amount:	\$10,000.00
		Purpose:	Domestic Well Bond
Property Lien	\$10,000.00	Other Surety	

Released

Columbus Energy Corp. Denver CO	1540 U1	Released	10/13/2009
		Amount:	\$16,000.00
		Purpose:	UIC Limited Bond
Surety Bond	\$16,000.00	FIDELITY & DEPOSIT CO. OF MD	
Columbus Energy Corp. Denver CO	1540 M1	Released	10/13/2009
		Amount:	\$50,000.00
		Purpose:	Multiple Well Bond
Surety Bond	\$50,000.00	FIDELITY & DEPOSIT CO. OF MD	
Faith Drilling, Inc.	2465 G2	Released	9/24/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Surety Bond	\$10,000.00	RLI INSURANCE COMPANY	
Lindenmuth And Associates, Inc.	4304 G1	Released	9/24/2009
		Amount:	\$10,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$10,000.00	NORWEST BANK OF HELENA, N A	
McMinn Operating Company Tomball TX	514 G5	Released	9/10/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	
McMinn Operating Company Tomball TX	514 G4	Released	9/10/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	

Montana Board of Oil and Gas Conservation
Summary of Bond Activity

8/25/2009 Through 10/14/2009

Released

McMinn Operating Company Tomball TX	514 G3	Released	9/10/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	FIRST STATE BANK OF SHELBY	
McMinn Operating Company Tomball TX	514 G1	Released	9/10/2009
		Amount:	\$5,000.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$5,000.00	Encore Bank	
Solomon Exploration Inc. Havre MT	230 G1	Released	10/13/2009
		Amount:	\$1,500.00
		Purpose:	Single Well Bond
Certificate of Deposit	\$1,500.00	Independence Bank	

FINANCIAL STATEMENT
As of 10/1/09
Percent of Year Elapsed: 26

OIL AND GAS DIVISION
FY10 Budget vs. Expenditures

FTE Obj	2010 Regulatory Budget	Expend	Expend % of Budget	2010 UIC Budget	Expend	Expend % of Budget	2010 Educ & Outreach Budget*	Expend	Expend % of Budget	2010 NAPE Budget*	Expend	Expend % of Budget	2010 Restore Env Coord Budget	Expend	Expend % of Budget	2010 Pay Plan \$450 OTO	Expend	Expend % of Budget	2010 Equipment OTO	Expend	Expend % of Budget	TOTAL BUDGET	TOTAL EXPENDS	Expend % of Budget	
	17.0			3.5																		20.5			
1000	General PS	(163,250)		66,761									74,654				7,322					(14,521)	999,192	169,471	0.17
1100	Salaries	814,641	129,859	0.16	184,551	39,612	0.21															-	1,340		
1300	Other Comp		1,185	0.00		155	-															332,843	54,664	0.16	
1400	Benefits/Ins	275,190	42,618	0.15	57,653	12,046	0.21															(53,281)	-	0.00	
1600	Vacancy Svgs	(43,593)	-	0.00		-	-															62,500	-		
2000	General Operating	3,000					59,500															503,799	76,774	0.15	
2100	Contracted Svcs	440,832	72,864	0.17	55,367	3,910	0.07			7,500												66,470	11,194	0.17	
2200	Supplies	61,676	9,435	0.15	4,794	1,758	0.37															40,423	7,984	0.20	
2300	Communications	35,434	6,668	0.19	4,989	1,316	0.26															39,905	8,758	0.22	
2400	Travel	39,372	7,662	0.19	533	1,095	2.06															22,015	6,556	0.30	
2500	Rent	20,559	5,827	0.28	1,457	730	0.50															14,525	2,439	0.17	
2600	Utilities	12,682	2,027	0.16	1,843	411	0.22															21,741	2,249	0.10	
2700	Repair/Maint	18,615	1,844	0.10	3,126	405	0.13															42,552	1,144	0.03	
2800	Other Expenses	39,849	1,068	0.03	2,703	76	0.03															50,000	252,058	-	0.00
3000	General Equip	189,558	-	0.00	12,500	-	-															47,672	-	-	
3100	Equipment	47,672																				3,000	-	-	
6000	Grants						3,000															-	-	-	
Total		1,792,328	281,058	0.16	386,589	61,515	0.16	62,500	-	-	7,500	-	-	74,654	-	-	7,322	-	-	50,000		2,380,893	342,573	0.14	
-																									
FUNDING																									
	State Special	1,792,328	281,058		251,647	61,515		62,500	-	-	7,500	-	-	74,654	-	-	7,322	-	-	50,000		2,245,951	342,573		
	Federal				134,942	-																134,942	-		
Total Funds		1,792,328	281,058		386,589	61,515		62,500	-	-	7,500	-	-	74,654	-	-	7,322	-	-	65,000		2,380,893	342,573		

REVENUE INTO STATE SPECIAL REVENUE ACCOUNT 10/01/09			
	FY10	Total FY09	Percentage FY09:FY08
Oil Production Tax	-	2,587,811	0.00
Gas Production Tax	-	632,652	0.00
Penalty & Interest			
Drilling Permit Fees	7,700	42,925	0.18
UIC Permit Fees	900	208,400	0.00
Enhanced Recovery Filing Fee			
Interest on Investments	14,155	249,164	0.06
Copies of Documents	2,051	19,940	0.10
Miscellaneous Reimbursemts	-	10,000	0.00
TOTALS	\$ 24,806	\$3,750,893	0.01

REVENUE INTO DAMAGE MITIGATION ACCOUNT as of 10/1/09	
	FY10
Transfer in from Orphan Share	0
RIT Interest	0
Bond Forfeitures	0
Interest on Investments	<u>240</u>
TOTAL	240

REVENUE INTO GENERAL FUND FROM FINES as of 10/1/09	
	FY 10
Summer Night	20
Joseph Darrigo	60
Oil Field Services	20
Rincon Oil and Gas Ltd	10
United States Energy	10
Marian Irgens	40
Bill Brandon	20
Keesun Corporation	260
Constitution Petroleum	70
JHR Special	20
Merrill Hawley	101
TOTAL	631

BOND FORFEITURES
Go into Damage Mitigation Account

INVESTMENT ACCOUNT BALANCES as of 10/1/09	
Damage Mitigation	2,756,864
Regulatory	16,174,887

GRANT BALANCES - 10/01/09			
<u>Name</u>	<u>Authorized Amt</u>	<u>Expended</u>	<u>Balance</u>
2007 Southern	322,228	298,330	23,898
2007 Tank Battery	304,847	0	304,847
2007 Northern	323,572	279,505	44,067
2005 Northern	<u>300,000</u>	<u>258,420</u>	<u>41,581</u>
TOTALS	\$1,250,647	\$836,255	\$414,392

CONTRACT BALANCES - 10/01/09			
HydroSolutions - Tongue River Info Project	618,486	602,218	16,268
COR Enterprises - Janitorial	17,700	1,100	16,600
Agency Legal Services - Legal*	50,000	11,639	38,361
Liquid Gold Well Service, Inc. - 07 Northern	373,572	322,374	51,198
Liquid Gold Well Service, Inc. - 05 Northern Part 2	55,000	13,420	41,580
C-Brewer - 07 Southern Tank Battery (og-cb-134)	215,000	0	215,000
C-Brewer - 07 Southern (og-cb-129)	<u>354,450</u>	<u>298,329</u>	<u>56,121</u>
TOTALS	1,684,208	1,249,080	435,128

Agency Legal Services Expenditures in FY10		
<u>Case</u>	<u>Amt Spent</u>	<u>Last Svc Date</u>
BOGC Duties	10,016	9/09
Tongue & Ylwlstone Irri	1,623	9/09
Total	11,639	

STATE OF MONTANA INSURANCE DEDUCTIONS CALENDAR *PROPOSED: 2010*

KEY	
PAYDAYS	
PAY PERIOD ENDING	
HOLIDAYS	

JANUARY

S	M	T	W	T	F	S
					 1	2
3	4	5	6	7	8	9
10	11	12	 13	14	 15	16
17	 18	19	20	21	22	23
24	25	26	 27	 28	 29	30
31						

FEBRUARY

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	 10	 11	 12	13
14	 15	16	17	18	19	20
21	22	23	 24	 25	 26	27
28						

MARCH

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	 10	 11	 12	13
14	15	16	17	18	19	20
21	22	23	 24	25	 26	27
28	29	30	31			

APRIL

S	M	T	W	T	F	S
				 1	2	3
4	5	6	 7	8	 9	10
11	12	13	14	15	16	17
18	19	20	 21	22	 23	24
25	26	27	28	 29	30	

MAY

S	M	T	W	T	F	S
						1
2	3	4	 5	6	 7	8
9	10	11	12	 13	14	15
16	17	18	 19	20	 21	22
23	24	25	26	27	28	29
30	 31					

JUNE

S	M	T	W	T	F	S
		1	 2	3	 4	5
6	7	8	9	 10	11	12
13	14	15	 16	17	 18	19
20	21	22	23	24	25	26
27	28	29	 30			

JULY

S	M	T	W	T	F	S
				1	 2	3
4	 5	6	7	8	9	10
11	12	13	 14	 15	 16	17
18	19	20	21	22	23	24
25	26	27	 28	29	 30	31

AUGUST

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	 11	 12	13	14
15	16	17	18	19	20	21
22	23	24	 25	26	 27	28
29	30	31				

SEPTEMBER

S	M	T	W	T	F	S
				1	2	3
4	5	 6	7	 8	 9	10
11	12	13	14	15	16	17
18	19	20	21	 22	23	24
25	26	27	28	29	30	

OCTOBER

S	M	T	W	T	F	S
					1	2
3	4	5	 6	 7	8	9
10	 11	12	13	14	15	16
17	18	19	 20	21	 22	23
24	25	26	27	 28	29	30
31						

NOVEMBER

S	M	T	W	T	F	S
	1	 2	 3	4	 5	6
7	8	9	10	 11	12	13
14	15	16	 17	18	 19	20
21	22	23	24	 25	26	27
28	29	30				

DECEMBER

S	M	T	W	T	F	S
		 1	 2	3	4	
5	6	7	8	9	10	11
12	13	14	 15	16	 17	18
19	20	21	22	23	 24	25
26	27	28	 29	30	 31	

= Mtg

= filing deadline

Docket Summary

10/15/2009 Hearing

EXHIBIT 4

123-2009	Enerplus Resources USA Corporation	Overlapping temporary spacing unit, Bakken Formation, 24N-55E-7: all, 8: all, 660' setback. Default request.	
124-2009	Enerplus Resources USA Corporation	Overlapping temporary spacing unit, Bakken Formation, 24N-55E-3: all, 4: all, 9: all, 10: all, 660' setback. Default request.	
125-2009	Enerplus Resources USA Corporation	Overlapping temporary spacing unit, Bakken Formation, 24N-55E-22: all, 23: all, 26: all, 27: all, 660' setback. Default request.	
126-2009	Enerplus Resources USA Corporation	Overlapping temporary spacing unit, Bakken Formation, 24N-57E-23: all, 24: all, 25: all, 26: all, 660' setback. Default request.	
127-2009	Enerplus Resources USA Corporation	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-54E-31: all, 660' setback. [Third well in SU.]	
128-2009	Sinclair Oil & Gas Company	Permanent spacing unit, Bakken Formation, 27N-53E-25: all (Schmitz 1-25H). [Completed 2/15/2008.]	
129-2009	Sinclair Oil & Gas Company	Permanent spacing unit, Bakken Formation, 27N-53E-16: all, 21: all (Ralston 1-21H). [Completed 5/15/2008.]	
130-2009	XTO Energy Inc.	Pool, Bakken Formation, 22N-59E-18: all, 19: all, non-consent penalties (Haffner 11X-18). [Request, continue rec'd 10/7/2009.]	Continued
131-2009	EOG Resources, Inc.	Overlapping temporary spacing unit, Bakken Formation, 25N-55E-6: all and 25N-54E-1: all, 660' setback. Default request.	
132-2009	EOG Resources, Inc.	Overlapping temporary spacing unit, Bakken Formation, 26N-54E-32: all, 33: all, 660' setback. Default request.	
133-2009	EOG Resources, Inc.	Exception to drill additional Bakken Formation well in the permanent spacing unit comprised of 25N-53E-18: all, 660' setback. Default request.	
134-2009 1-2010 F	Anschutz Exploration Corporation	Temporary spacing unit, surface to a total depth of approximately 9500', 30N-10W-4: NW/4, 5: NE/4, 31N-10W-32: SE/4, 33: SW/4 (well to be located in Sec. 4), 660' setback. [Federal Only - DEFAULT]	Default
135-2009	Armstrong Operating, Inc.	Temporary spacing unit, Mission Canyon Formation, 31N-51E-3: W/2NW/4, 4: E/2NE/4. Well to be located in Sec. 4: 1500' FNL/ 350' FEL.	

136-2009	Stephens Energy Company, LLC	Vacate Reserve Field rules as to 33N-56E-29: NW/4. Temporary spacing unit, Red River Formation, 33N-56E-29: NW/4, 20: SW/4, 660' setback. Default request.	
137-2009	Oasis Petroleum LLC	Permanent spacing unit, Ratcliffe Formation, 28N-58E-27: E/2 (Berwick 44-27H). [Request, continue rec'd 10/7/2009.]	Continued
138-2009	Oasis Petroleum LLC	Permanent spacing unit, Bakken Formation, 27N-50E-27: all (McCrea 11-27HX). [Request, continue rec'd 10/7/2009.]	Continued
139-2009	ECA Holdings LP	Temporary spacing unit, multiple Greybull Formation wells, 6S-17E-13: SW/4, SW/4SE/4, 14: all, 23: N/2N/2, 24: N/2NW/4, NW/4NE/4, 330' setback. Permanent spacing requested for two years after completion of first well.	
88-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #34-12-27 as a Virgelle Formation disposal well, 34N-12E-27: CNE/4. [Continued - notice] (Continued to 10/09 per Hudak) [Withdrawn, 9/25/2009.]	Withdrawn
89-2009	Iofina Natural Gas, Inc.	Class II injection permit to drill the IOFINJ #34-12-34 as a Virgelle Formation disposal well, 34N-12E-34: CNE/4. [Continued - notice] (Continued to 10/09 per Hudak) [Withdrawn, 9/25/2009.]	Withdrawn
22-2009	TOI Operating	Bond forfeiture	
52-2009	Mountain Pacific General Inc.	Show cause, failure to abandon the Fossom 10-8 and provide a plugging plan for the Copenhaver 1	
97-2009	Native American Energy Group, Inc.	Show cause, failure to clean-up wellsites.	
140-2009	Sannes, Ronald M. Or Margaret Ann	Show cause, failure to clean-up various wellsites	
141-2009	Provident Energy Assoc. Of Mt Llc	Show cause for failure to file production reports and to pay delinquent production fine.	
142-2009	Delphi International Inc.	Show cause for failure to pay administrative penalty for delinquent production reports.	



IOFINA NATURAL GAS, INC.

PRESENTED TO:

DEPARTMENT OF NATURAL RESOURCES AND
CONSERVATION
BOARD OF OIL AND GAS CONSERVATION
BILLINGS, MONTANA

October 14 , 2009

RON SANNES SHOW CAUSE OCTOBER 15, 2009				
BONDS: M1 \$25,000 Multiple Well Bond CD and T1 \$10,000 Limited Bond CD				
WELLS: 11 PRODUCERS AND 1 INJECTION				
Date of Report: 10/14/09 SS				
Field Inspectors: Mr. Ron Prevost and Darrell Hystad				
<u>WELL NAME</u>		<u>STATUS AS OF 10/1/09</u>	<u>STATUS AS OF 10/13/09</u>	<u>STATUS AS OF 10/14/09</u>
Buxbaum #1			In compliance 100%	
FLB #4		In compliance		
FLB #1		80% in compliance	In compliance 99%	In compliance 100%
FLB Spokane #3		85% in compliance	In compliance 100%	
Propp #10-41X		In compliance		
Iverson #1-13		In compliance		
Fort Gilbert #8		In compliance		
Sundheim #29-1		In compliance		
Lois Roberta Bailey #32-2		80%-90% in compliance		In compliance 100%
Vanderhoof #1-20		Not in compliance	In compliance 100%	
Engen #1-A		In compliance		
A. Engen #1		In compliance		

Plugging and Reclamation Bonds With Well List

SANNES, RONALD M. OR MARGARET ANN		6695	Bond: M1	\$25,000.00	Multiple Well Bond	Active	Wells: 11	Approved	Allowed: 12/23/1987
Certificate of Deposit	Active	Western Security Bank		\$25,000.00					
API #	Operator	Well	Location			Field	TD	PBTD	Status
021-21069	Sannes, Ronald M. Or Margaret Ann	BUXBAUM 1	19 N	56 E	27	C SE NE 1980N 660E	Burns Creek, South	11892	SI OIL
083-21700	Sannes, Ronald M. Or Margaret Ann	FLB 4	22 N	59 E	12	SE NE 1525N 875E	Mon Dak, West	9280	PR OIL
083-21188	Sannes, Ronald M. Or Margaret Ann	FLB1	22 N	60 E	7	C NE SE 1980S 660E	Mon Dak, West	12565	SI OIL
083-21598	Sannes, Ronald M. Or Margaret Ann	Propp 10-41X	23 N	59 E	10	SW NE NE 790N 990E	Sidney	9407	9300 SI OIL
083-21521	Sannes, Ronald M. Or Margaret Ann	Iverson 1-13	23 N	59 E	13	NE NE 510N 810E	Ridgelawn	9363	PR OIL
083-21573	Sannes, Ronald M. Or Margaret Ann	FORT GILBERT 8	24 N	59 E	32	NE SW 1980S 1980W	Fort Gilbert	9662	PR OIL
083-21561	Sannes, Ronald M. Or Margaret Ann	SUNDHEIM 29-1	25 N	58 E	29	C SE SW 660S 1980W	Sioux Pass, South	12837	PR OIL
083-21660	Sannes, Ronald M. Or Margaret Ann	Lois Roberta Bailey 32-2	25 N	58 E	32	NW SE NW 1650N 1350W	Sioux Pass, South	12710	12708 PR OIL
083-21673	Sannes, Ronald M. Or Margaret Ann	Vanderhoof 1-20	25 N	59 E	20	SW SW 660S 975W	Fairview	12850	12741 SI OIL
083-21696	Sannes, Ronald M. Or Margaret Ann	Engen 1-A	25 N	59 E	29	NW NW 990N 900W	Fairview	12852	12725 SI OIL
083-21060	Sannes, Ronald M. Or Margaret Ann	A. Engen 1	25 N	59 E	29	NW NW 1000N 660W	Fairview	12875	12748 SI OIL

Comment: 6/20/2002 - Replacement CD filed.

SANNES, RONALD M. OR MARGARET ANN		6695	Bond: T1	\$10,000.00	Limited Bond	Limited	Wells: 1	Approved	Allowed: 1/24/1997
Certificate of Deposit	Active	YELLOWSTONE BANK, LAUREL		\$10,000.00					
API #	Operator	Well	Location			Field	TD	PBTD	Status
083-21259	Sannes, Ronald M. Or Margaret Ann	FLB Spokane 3	22 N	60 E	7	SE SE 500S 820E	Mon Dak, West	5640	5530 IA SWD

Comment: 56316

**HAWLEY HYDROCARBONS PRODUCED WATER & OIL
SPILL
COPLEY HABER "C" LEASE
NE/4 Section 9 T27N R4W, Pondera Field**

April 1, 2009	Spill of estimated 20 bbls. of crude oil and 50 bbls. produced water occurs on the above captioned lease.
April 17, 2009	Telephone complaint by surface owner, Vernon Gjullin to BOGC Shelby office. Inspector Halverson inspects well site on the same day and wrote deficiency and cleanup notice to Hawley Hydrocarbons. Also gave verbal notice to cleanup lease.
April 27, 2009	Written deficiency and telephone call to Hawley Hydrocarbons to submit spill report and start on cleanup made.
May 5, 2009	Verbal notice to Hawley Hydrocarbons to cleanup lease and submit spill report made.
May 6, 2009	Written notice given to cleanup spill, file spill report and stop produced water discharge.
May 25, 2009	Verbal notice given at lease to Mr. Merrill Hawley of Hawley Hydrocarbons to get cleanup going with additional manpower and equipment, submit spill report and stop produced water discharge.
May 26, 2009	Written notice to cleanup, file spill report and stop produced water discharge sent to Hawley Hydrocarbons.
May 27, 2009	Spill report received in BOGC Shelby office and then faxed from Shelby to BOGC Billings office. Reports details spill for the Hawley Hydrocarbons oil and water spill to have occurred on April 1, 2009 and weak attempt to cleanup spill during the latter part of April.
	BOGC business meeting Hawley Hydrocarbons oil and water spill of April 1, 2009 was discussed. Hawley Hydrocarbons was fined \$1000.00 immediately, was ordered stop the water discharge immediately and to have cleanup of the lease done within 15 days starting May 29, 2009. If cleanup has not been completed within 15 days then a \$100 per day fine was to be assessed until cleanup was completed.
May 29, 2009	Sent certified letter of BOGC business meeting results to Hawley Hydrocarbons.
May 30, 2009	Certified letter received by Hawley Hydrocarbons.
June 8, 2009	Received at BOGC Billings office letter from Hawley Hydrocarbons, Mr. Merrill Hawley.
June 9, 2009	Received at BOGC Billings office letter from Hawley Hydrocarbons, Mr. Merrill Hawley.
June 10, 2009	Received at BOGC Billings office letter from Hawley Hydrocarbons, Mr. Merrill Hawley.

June 23, 2009 BOGC inspector Klotz inspects cleanup. Declares that Hawley Hydrocarbons Copley Haber C Lease is in substantial compliance as of June 22, 2009 and stopped the \$100 per day fine. Additional \$1,000.00 assessed.

July 2, 2009 BOGC inspector Klotz inspects cleanup site. Declares that Hawley Hydrocarbons, as of July 1, 2009 is in full compliance. Contaminated soil pile had been removed from lease.

July 6, 2009 Received from BOGC Shelby office written notification and cleanup pictures.

July 18, 2009 Sent certified letter to Hawley Hydrocarbons concerning fines. That they need to pay the first \$1,000 and the additional fine of \$1,000, so their total fine due is \$2,000.

August 6, 2009 Certified letter received by Hawley Hydrocarbons.

August 27, 2009 Show Cause Hearing. Mr. Merrill Hawley appears to appeal fine. Fine reduced by \$1000 from \$2000 to \$1000. Payment due immediately.

September 29, 2009 First Check from Merrill Hawley received for \$101.00 for the Haber Lease oil spill fine. Docket 117-2009.

MERRILL S. HAWLEY
314 S. COLORADO
CONRAD, MT 59425

93-227/929
422688

3650

DATE 27 Sept 2009

PAY TO THE
ORDER OF

Montana Board of Oil & Gas Concentrator

\$ 101.⁰⁰

One Hundred One and ⁰⁰/₁₀₀

DOLLARS



Security Features
Included.
Circle on Back.



First State Bank

P.O. BOX 913 of Shelby 406/434-5567
SHELBY, MONTANA 59474-0913

117-2609

MEMO

Haber O & G. Spill Merrill S. Hawley

⑆09290227⑆ 422 688⑈ 3650

*Spill
FIRST*

RECEIVED

SEP 29 2009
MONTANA BOARD OF
OIL & GAS-HELENA

RECEIVED

OCT - 1 2009
MONTANA BOARD OF OIL
& GAS CONC. BILLINGS

R2208
RECEIVED

SEP 29 2009

D.N.R.C.

RECEIVED

OCT - 2009

MONTANA BOARD OF OIL
& GAS CONSERVATION BILLINGS

BEFORE THE BOARD OF OIL AND GAS CONSERVATION
OF THE STATE OF MONTANA

UPON THE BOARD'S OWN MOTION TO REQUIRE
HAWLEY HYDROCARBONS TO APPEAR AND
SHOW CAUSE, IF ANY IT HAS, WHY ITS BOND
SHOULD NOT BE FORFEITED, ITS PRODUCTION
SHUT-IN, AND/OR OTHER PENALTIES ASSESSED
FOR FAILURE TO CLEAN UP THE OIL AND WATER
SPILL AT THE COPLEY-HABER LEASE LOCATED
IN SECTION 9, T27N-R4W, PONDERA COUNTY,
MONTANA.

ORDER 117-2009

RECEIVED

SEP 29 2009

MONTANA BOARD OF
OIL & GAS-HELENA

Docket No. 98-2009

Report of the Board

The above entitled cause was scheduled for hearing on the 27th day of August, 2009 in the conference room of the Billings Petroleum Club in the Crowne Plaza Billings in Billings, Montana, pursuant to the order of the Board of Oil and Gas Conservation of the State of Montana, hereinafter referred to as the Board. Member Don Bradshaw was absent. At this time and place testimony was presented, statements and exhibits were received, and the Board then took the cause under advisement; and, the Board having fully considered the testimony, statements and exhibits and all things and matters presented to it for its consideration by all parties in the Docket, and being well and fully advised in the premises, finds and concludes as follows:

Findings of Fact

1. Due, proper and sufficient notice was published and given of this matter, the hearing hereon, and of the time and place of said hearing, as well as the purpose of said hearing; all parties were afforded opportunity present evidence, oral and documentary.
2. Mr. Merrill Hawley of Hawley Hydrocarbons appeared in person at the hearing to request his \$2000 fine be reduced and/or that he be allowed to pay it in installments.
3. The evidence indicates that taking the following action will serve to protect correlative rights and be in the interest of conservation of oil and gas in the State of Montana.

Order

IT IS THEREFORE ORDERED by the Board of Oil and Gas Conservation of the State of Montana that the \$2000 fine assessed Hawley Hydrocarbons for the oil and water spill at the Copley-Haber lease in Pondera County, Montana, is hereby reduced to \$1000.

27 SEPT 2009

To all that helped in the clean up of this spill
I will pay the bills as soon as possible.

oil did not reach farm land. - the oil has been

reclaimed - ON 30 Aug 2009 I fell off a tank ladder
breaking my left leg & injured my left ankle

Merrill Hawley

Plugging and Reclamation Bonds With Well List

HAWLEY HYDROCARBONS, MERRILL&CAROL HAWLEY DB 3320		Bond: B0536	\$10,000.00	Blanket Bond	Canceled	Wells: 0	Allowed:
Surety Bond	WESTERN SURETY COMPANY		\$10,000.00			Approved	3/26/1984
						Canceled	7/9/1984

Comment:

HAWLEY HYDROCARBONS, MERRILL&CAROL HAWLEY DB 3320		Bond: B1	\$10,000.00	Blanket Bond	Active	Wells: 2	Allowed:	
Surety Bond	SAFECO INSURANCE CO.OF AMER		\$10,000.00			Approved	5/31/1984	
API #	Operator	Well	Location		Field	TD	PBTD	Status
073-21691	Hawley Hydrocarbons, Merrill&Carol Hawley D	HABER B-3	27 N	4 W 9 SE SE NW	2421N 2429W	Pondera	2026	PR OIL
073-21709	Hawley Hydrocarbons, Merrill&Carol Hawley D	HABER A-4	27 N	4 W 9 SW NE SE	1546S 1100E	Pondera	2035	2036 SI OIL

Comment: 4821525

HAWLEY HYDROCARBONS, MERRILL&CAROL HAWLEY DB 3320		Bond: L1	\$4,500.00	Limited Bond	Active	Wells: 3	Allowed:	
Certificate of Deposit	Active	1ST STATE BANK - SHELBY	\$4,500.00			Approved	1/2/2001	
API #	Operator	Well	Location		Field	TD	PBTD	Status
073-21134	Hawley Hydrocarbons, Merrill&Carol Hawley D	COPLEY HABER C3	27 N	4 W 9 C NE NE	330N 330E	Pondera	1938	SI OIL
073-60054	Hawley Hydrocarbons, Merrill&Carol Hawley D	COPLEY HABER 1	27 N	4 W 9 SE NE NE	1100N 300E	Pondera	1962	SI OIL
073-21704	Hawley Hydrocarbons, Merrill&Carol Hawley D	ERICKSON 1	27 N	4 W 11 NE NE NE	330N 330E	Pondera	1895	SI OIL

Comment:

HAWLEY HYDROCARBONS, MERRILL&CAROL HAWLEY DB 3320		Bond: T1	\$5,500.00	UIC Single Well Bond	Active	Wells: 1	Allowed:	
Letter of Credit	1ST STATE BANK - SHELBY		\$5,500.00			Approved	4/1/1998	
API #	Operator	Well	Location		Field	TD	PBTD	Status
073-05283	Hawley Hydrocarbons, Merrill&Carol Hawley D	Copley-Haber C-2	27 N	4 W 4 NE SE SE	990S 330E	Pondera	1920	IA SWD

Comment: 292A

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October 14, 2009

Montana Board of Oil and Gas
2535 St. John's Ave
Billings Montana 59102

Attn: Board Members

This letter is in concern of our non-producing oil wells. The BN 11-11 and the 12-11 wells located in Fallon county, These wells are have been worked on to determine if the well bore is ok to disposal zone. There is a party that is interested in putting these two wells on a different bond and proceed with converting them into disposal wells providing a land owner disposal agreement can be obtained. To date we have invested in fishing tools, wireline charges and rig time of over \$45,000 in cleaning the 12-11 well bore up to the point to either convert to disposal or plug if necessary.

The Dore well has been plugged to the bottom of the surface casing, will finish plugging well out when our rig is available. We have reached a agreement with the surface owner when well is finished being plugged. We have over \$15,000 invested in wireline charges to get to this point.

The Watts well has been plugged to the bottom of the fox hills sands, will finish plugging well when our rig becomes available. We have over \$15,000 invested in wireline charges to get to this point.

We have plugged the Clark well because of mechanical problems we went to great expense in plugging this well because of both rods and tubing were stuck in the hole. We still have to do the surface plug and we have reached an agreement with the land owner on this well once all equipment is removed. We have over \$70,000 invested in the plugging of this well with wireline charges and rig time.

The Morman Fee well has not had anything done to it, but we are planning on moving some equipment from the Clark well to this location and putting it back into a productive status.

The LaBonty well has not been worked on yet due to lack of time and money, but as soon as money becomes available we will continue with our well plugging plan. We expect to have some capitol to continue in the last week of October and the rig should also be available.

Thanks for your consideration;


Clarence Keith Carver